

Memorandum



To : SAC, DETROIT (49-NEW)

Date 6/24/83

From : SA [redacted]

b6 Per FBI
b7C

Subject :

JOHN Z. DELOREAN
NATIONAL BANKRUPTCY ACT;
(OO: DETROIT)

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15-18500 (6/17)

At the request of ASAC BOB C. REUTTER and Assistant United States Attorney (AUSA) [redacted] writer attended a hearing held on [redacted] before Judge GEORGE WOODS, Federal Bankruptcy Court, Detroit, Michigan. The hearing concerned case #82-06031-W styled "DeLorean Motor Company, Debtor", Chapter 11 proceedings. The purpose of the hearing was a request from the Creditors Committee that a \$100,000 good faith deposit made by [redacted] be forfeited as [redacted] plan of reorganization was not bona fide. During the hearing, [redacted] general counsel for the creditors, called the [redacted] proposal a "fraud" and a "sham". Testifying at the hearing were [redacted] and [redacted]. Parts of a deposition taken of [redacted] were also entered into evidence. The hearing was recessed [redacted]

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On 6/21/83, [redacted] court-appointed counsel for the Creditors Committee, was contacted in order to obtain additional information concerning the [redacted] and a submission of a plan or reorganization dated 4/25/83 and a disclosure statement filed on 5/10/83.

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[redacted] advised as follows: [redacted]

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[redacted] attorneys with Honigman, Miller, Schwartz and Cohn, 2290 First National Building, Detroit, Michigan, are the court-appointed joint counsels for the Creditors Committee in proceedings under Chapter 11 of the DeLorean Motor Company (DMC), debtor. [redacted] is [redacted] of the Creditors Committee and represents the [redacted] creditors. [redacted] attorney, represents the [redacted]. On 1/24/83, [redacted] advised [redacted] of the interest expressed

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by [redacted] and a group of unidentified investors in developing a reorganization plan for DMC. A series of discussions were held between [redacted] and [redacted] and on 2/18/83, [redacted] advised the Creditors Committee that [redacted] had given [redacted] the following four names as being investors in the [redacted] Group reorganization effort: [redacted]

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[redacted] and [redacted] whose name [redacted] could not remember. On 2/24/83, [redacted] asked [redacted] if he had any relationship with the DMC as [redacted] and/or [redacted] had remembered seeing [redacted]

[redacted] denied any present relationship with DMC. On 2/25/83, [redacted] specifically asked [redacted] if JOHN Z. DE LOREAN or [redacted] were involved in the [redacted] reorganization and [redacted] denied any involvement by these two individuals. Also on 2/25/83, a filing was made granting the debtor a 120-day extension on the exclusive time period allowing the debtor to file a reorganization plan.

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[redacted] stated the committee felt that [redacted] such wealthy individuals that a million dollars in "up front" money should be placed in an escrow account. It was decided that \$100,000 of that would be good faith money subject to forfeiture if a bona fide plan, submitted in good faith, was not forthcoming. On 3/1/83, \$100,000 was deposited in an escrow account at the National Bank of Detroit (NBD) and it was the committee's understanding that this money came from Madison SA, a Panamanian company with a Swiss business address. On 4/22/83, [redacted] a bond reduction hearing in Los Angeles concerning JOHN DE LOREAN [redacted]

[redacted] the courtroom when AUSA [redacted] who is heading the prosecution's team in the DeLorean narcotics matter, asked [redacted] (ph) [redacted] what happened to a \$100,000 withdrawal from Logan Manufacturing (a DeLorean company). This withdrawal was on 2/25/83. [redacted] stated that the \$100,000 went to a [redacted] [redacted] This was the first time [redacted] had any indication that this \$100,000 had come from a company owned by DE LOREAN. [redacted] told the court that this transfer of funds was based upon conversations [redacted] had with DE LOREAN and officers of Logan Manufacturing. [redacted] indicated [redacted] was told the payment [redacted] was to set up an escrow account for the purpose of selling the motor company and Logan Manufacturing to an unnamed individual. [redacted] has learned that this was the \$100,000 which was deposited into the escrow account at NBD.

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[] indicated that [] Logan Manufacturing, indicated in a deposition that the \$100,000 payment was made to [] for [] done by [] for the sale of Logan Manufacturing and that this was done under the direction of DE LOREAN. An additional [] was also paid to [] by Logan Manufacturing. [] during a deposition, stated that the [] received from Logan Manufacturing was money owed to [] by DE LOREAN as an individual and that this was the money that went to the NBD trust account. When [] asked [] during the deposition why the disclosure statement and the plan of reorganization indicated the \$100,000 came from Madison SA rather than JOHN DE LOREAN [] replied the document speaks for itself. When asked for a clarification on that response, [] again stated the document speaks for itself.

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According to [] the plan of reorganization was filed with the court and on 5/10/83 the disclosure statement was filed with the court even after [] advised [] that there was problems with the source of funding, of the reorganization plan. When [] was confronted with the discrepancies in the statements [] concerning the involvement of JOHN DE LOREAN and [] indicated [] became aware of the DE LOREAN and [] involvement during March of 1983.

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[] made available copies of notes [] and the plan of reorganization submitted by the [] Group.

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It was the opinion of [] and the Creditors Committee b7C that [] had failed to disclose material information in the disclosure statement and the plan of reorganization, namely, the involvement of JOHN DE LOREAN and [] and that this material non-disclosure constituted fraud and that was the reason why there was a hearing in court concerning the forfeiture of the \$100,000 good faith money.

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On 6/22/83, writer contacted AUSA [] and advised him of the results of the courtroom proceedings and the contact with []

It is recommended that a case be opened under the NBA classification and assigned to writer for investigation.